SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1952

No. 177

ARTHUR G. GAGE,

Petitioner,

vs.

THE UNITED STATES,

Respondent

PETITION FOR REHEARING

Petitioner respectfully prays (1) that the denial of the petition for writ of certiorari to the Court of Claims be reconsidered and vacated, (2) that the petition for writ of certiorari be granted, and (3) alternatively, (a) that the judgment of the Court of Claims be vacated and the case be remanded to the Court of Claims to enable that court to determine whether Section 286 of the Act of July 19, 1952, 35 U. S. C. (1952) gives rise to any claims which petitioner may assert to affect the judgment heretofore entered in this cause, or (b) that the case be considered on its merits by this court.

Basis for Petition

This petition for rehearing is filed pursuant to Rule 33(2) of this court.

The ground for the petition for rehearing is the enactment, subsequent to the filing of the petition for writ of certiorari, of new legislation which has substantial or controlling effect upon the case, specifically Section 286 of Public Law 593, 82d Congress, 2d Session, Chapter 950, 66 Stat. 792, 35 U. S. C. (1052), approved July 19, 1952.

Memorandum in Support of Remand to the Court of Claims

In the event that this court is of the view that the issues raised by the petition for certiorari are not of sufficient public importance to warrant review at this time, it is respectfully urged that the judgment of the Court of Claims be vacated and the case be remanded to the Court of Claims in order to enable that court to determine whether Section 286 of the Act of July 19, 1952, 35 U. S. C. (1952) gives rise to any claims which petitioner may assert to affect the judgment heretofore entered in this case. (*Sioux Tribe of Indians* v. *The United States*, 329 U. S. 685.)

The petition for writ of certiorari to the Court of Claims was filed in this case on July 3, 1952. The Act above-referred to was approved by the President of the United States on July 19, 1952.

This case was pending before this court at the time of the passage and approval of the Act of July 19, 1952 and is covered by Section 286 thereof which reads as follows:

> "§ 286. Time limitation on damages
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> Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

> In the case of claims against the United States Government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the period referred to in the preceding paragraph."

The legal effect of Section 286 of the Act of July 19, 1952, is, in the case of claims against the United States for the use of a patented invention, to toll the statutes of limitation for the period between the date of receipt of a written claim for compensation by the department of the Government having authority to settle the claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied.

In the instant case, the effect of the Act of July 19, 1952, is to toll the statutes of limitation for the period of two years, eleven months, and twenty-five days between the date of September 16, 1946 on which written claim was first filed by petitioner with the War Department of the United States, and August 23, 1949, when such claim was officially denied (R. p. 8).

Assuming the statutes of limitation to be tolled pursuant to Section 286 of the Act of July 19, 1952, petitioner's petition in the Court of Claims is timely filed.

The right granted by Congress to the petitioner by the Act of July 19, 1952 can only be secured to petitioner by an order vacating the denial of the petition for writ of certiorari, the granting of the petition, the vacating of the judgment of the Court of Claims, and the remanding of the case to the Court of Claims.

Precisely this procedure was followed in a like circumstance involving a case arising in the Court of Claims in *Sioux Tribe of Indians* v. *The United States*, 329 U. S. 685.

Petitioner, in good faith, negotiated with his Government in an effort to settle this claim. The negotiations were conducted under 35 U. S. C., Section 91, which provided that if suit were filed in the Court of Claims, negotiations, would, in consequence thereof, be automatically terminated. The utter unfairness of charging the time consumed by negotiations pursuant to such a statute against the limitation period and the fact that it was not the intent of Congress that the limitation statute should be so construed is evidenced by the adoption of Section 286 of the Act of July 19, 1952. Petitioner should be accorded the right to be heard as to the applicability of Section 286 of the Act of July 19, 1952 to his claim.

Memorandum in Support of Consideration by This Court of This Case On Its Merits

Section 286 of the Act of July 19, 1952 extends only to cases in which the patent owner has attempted, in writing, to negotiate a settlement of a claim against the Government for patent infringement and provides merely that the statutes of limitation shall be tolled for the period of such negotiations.

The decision of the Court of Claims in this case is not bottomed on a holding that the statute of limitation was not tolled by the period of negotiations in which petitioner engaged pursuant to 35 U. S. C., Section 91. The Court of Claims in its written opinions refused even to consider this aspect of the case.

The decision of the Court of Claims is effective as a precedent *in all cases* arising under 28 U. S. C., Section 1498

regardless of whether a negotiated settlement of the claim is attempted.

Contrary to the express language of the Act, the Court of Claims in the instant case held that a patentee has no right under 28 U. S. C., Section 1498 to compensation for infringing use by the Government of a patented instrumentality subsequent to acquisition by the Government without license or notice to the patent owner and for which the patent owner has received no compensation.[1]

The decision in this case is precedent for the proposition that the right of a patentee under 28 U. S. C., Section 1498 to compensation for the appropriation of his patent property by the Government may be cut off by the statutes of limitation, although the patentee has no notice of the event upon which the Court of Claims has held such right depends, i. e., the specific date of acquisition of the patented instrumentality by the Government.

This is a vicious doctrine and one which violates the guarantees of the Fifth Amendment. In effect, the decision in the instant case authorizes the Government to steal a citizen's patent property subject only to the condition that knowledge of the theft be kept from the patent owner for the limitation period. In view of the nature of the patent property, in view of the fact that such property is conventionally obtained by the Government from an entity not in privity with the patent owner, and in view of the restrictions which surround the divulging of information relative to Government contracts, particularly with regard to the

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[1] The Court of Claims in its decision in this case specifically held:
"• • • Any further use of these fire extinguishers within the six-year period would not subject the defendant to liability. Its (the Government's) infringement, if any, took place when it purchased the extinguishers and had them available for use when needed. • • •" (Parenthetical insert added).

defense effort, such a condition poses no problem for the Government.

With reference to the situation which existed prior to the 1910 Act, which created the remedy now found in 28 U. S. C., Section 1498, the Congress noted:

> "• • • In no civilized country • • • except Russia and the United States, can the Government appropriate an invention without paying a fair price for it. • • •
>
> "• • • The fifth amendment to the Constitution provides that no private property shall be taken for public use without compensation, and yet, in flat violation of this provision and the decisions of the Supreme Court, the Government has again and again seized private property in the form of patent rights without compensation. • • •" (H. Rep. 1288, 61st Cong. 2d Sess., pp. 2, 3).

To remedy this evil, Congress passed the Act of 1910, the stated purpose of which was:

> "• • • to enlarge the jurisdiction of the Court of Claims so that said court may entertain suits against the United States for the infringement or unauthorized use of a patented invention. • • •" (H. Rep. 1288, 61st Cong. 2d Sess., p. 1).

If the decision of the Court of Claims is allowed to stand as a precedent, patent owners, in many instances, will find themselves, insofar as infringement claims against the Government are concerned, in a situation not unlike that which existed prior to the 1910 Act. The efforts of the Congress to alleviate such a situation will be stultified.

There is no appeal from the decisions of the Court of Claims. Denial of the petition for writ of certiorari in this case will leave the unreviewed decision of the Court of Claims standing unchallenged as a precedent.

Section 286 of the Act of July 19, 1952 does not remedy the evil of the decision of the Court of Claims. If the patentee is not fortunate enough to discover that his patent property has been appropriated until the limitation period has expired, the decision in this case is ample authority for a denial of his claim whether settlement is attempted by negotiation or otherwise.

Conclusions

To the end that this petitioner and others in like situations may be afforded the rights which Congress intended them to have pursuant to Section 286 of the Act of July 19, 1952 and 28 U. S. C., Section 1498 and to the end that the broad questions of public importance relating to the statutory and constitutional questions here raised may be resolved, it is respectfully prayed that the denial of the petition for writ of certiorari be vacated, that the petition be granted, and alternatively, (1) that this court hear and decide this case on its merits, or (2) that the decision of the Court of Claims be vacated and the case remanded to the Court of Claims for proceedings pursuant to the Act of July 19, 1952.

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Attorneys for Petitioner.

Certificate of Counsel

We hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay and is restricted to grounds specified in Rule 33 of the rules of this Court.

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